



NEW APPLICATION



0000119289

Golden Valley, MN 55416

www.integratelecom.com

Arizona Corporation Commission

DOCKETED

OCT 19 2010

October 18, 2010

DOCKETED BY	
lcm	nr

Via Overnight Delivery

Docket Control Center  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

T-20527A-10-0427  
T-03406A-10-0427  
T-02580A-10-0427

AZ CORP COMMISSION  
DOCKET CONTROL

2010 OCT 19 P 3:59

RECEIVED

Re: Joint Application of Integra Telecom Holdings, Inc., Eschelon Telecom of Arizona, Inc. dba Integra Telecom, and National Brands, Inc. d/b/a Sharenet Communications Company for Waiver of the Commission's Slamming Rules, AAC R14-2-1904

To Whom it May Concern:

Enclosed for filing with the Arizona Corporation Commission is an original plus 15 copies of the Joint Application of Integra Telecom Holdings, Inc., Eschelon Telecom of Arizona, Inc. dba Integra Telecom, and National Brands, Inc. d/b/a Sharenet Communications Company for a waiver of the Commission's slamming rules, AAC R14-2-1904.

Sincerely,

Cathy Murray  
Manager, Regulatory Affairs  
Integra Telecom  
Phone: 763-745-8466  
Fax: 763-745-8459  
Email: [camurray@integratelecom.com](mailto:camurray@integratelecom.com)

cc: Gary Joseph, National Brands, Inc. d/b/a Sharenet Communications Company

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2  
3 KRISTIN F. MAYES

4 Chairman

5 SANDRA D. KENNEDY

6 Commissioner

7 PAUL NEWMAN

8 Commissioner

9 GARY PIERCE

10 Commissioner

11 BOB STUMP

12 Commissioner

13  
14 IN THE MATTER OF THE JOINT )  
15 APPLICATION OF INTEGRA TELECOM )  
16 HOLDINGS, INC., ESCHELON TELECOM OF )  
17 ARIZONA, INC. DBA INTEGRA TELECOM, )  
18 AND NATIONAL BRANDS, INC. D/B/A )  
19 SHARENET COMMUNICATIONS COMPANY )  
20 FOR WAIVER OF CERTAIN COMMISSION )  
21 RULES, AND APPROVAL, IF NECESSARY )  
22 FOR THE TRANSFER OF SHARENET'S )  
23 SUBSCRIBER BASE TO ESCHELON )  
24 TELECOM OF ARIZONA, INC. )

DOCKET NO. T-03406A-10-\_\_\_\_\_  
DOCKET NO. T-02580A-10-\_\_\_\_\_

25  
26  
27 **JOINT APPLICATION**

28  
29  
30 I. **INTRODUCTION**

31 On October 13, 2010, Integra Telecom Holdings, Inc. together with its Arizona operating  
32 subsidiary Eschelon Telecom of Arizona, Inc. dba Integra Telecom (together "Integra"), and  
33 National Brands, Inc. d/b/a Sharenet Communications Company ("Sharenet") (together, "the  
34 Parties") entered into an Asset Purchase Agreement ("Agreement") whereby Integra will  
35 purchase Sharenet's subscriber base ("Transaction"). The Parties wish to accomplish this  
36 Transaction with as little possible disruption to the Sharenet customers and thus seek a waiver of  
37 the Commission's Slamming Rules, specifically AAC R14-2-1904.A., which requires a carrier to  
38 have authorization from each subscriber prior to making a change to the subscriber's carrier.  
39 Sharenet's customers will continue to receive the same services at the same rates and under the  
40 same terms and conditions as they presently do after the completion of the Transaction described

1 herein. The Parties anticipate that the Transaction could close as early as late November 2010,  
2 pending any necessary approvals.

3 In support of this Application, the Parties state as follows:  
4

5 II. APPLICANTS

6 Integra Telecom Holdings, Inc. is an Oregon corporation headquartered at 1201 N.E.  
7 Lloyd Boulevard, Suite 500, Portland, Oregon 97232. Its operating subsidiaries, including  
8 Eschelon Telecom of Arizona, Inc., provide local and long distance telephone service and high-  
9 speed Internet to small and medium-sized businesses in eleven western states.

10 Eschelon Telecom of Arizona, Inc. is a Minnesota corporation. The Commission granted  
11 Eschelon Telecom of Arizona, Inc. a CC&N through its Decision No. 62751, in Docket No. T-  
12 03406A-99-0742, issued July 25, 2000. Eschelon Telecom of Arizona, Inc. has been providing  
13 high quality telecommunications services to Arizona's small and medium-sized business for  
14 more than ten years.

15 In Decision No. 68489, in Docket No. T-02580A-05-0383, dated February 23, 2006, the  
16 Commission granted National Brands, Inc. d/b/a Sharenet Communications Company a CC&N,  
17 giving Sharenet the authority to provide resold long distance, resold local exchange, facilities-  
18 based local exchange, and alternative operator services in the State of Arizona.  
19

20 III. DESIGNATED CONTACTS

21 The designated contacts for questions concerning this Application are:

22 For Integra:

23 Catherine A. Murray  
24 Manager, Regulatory Affairs  
25 Integra Telecom  
26 6160 Golden Hills Drive  
27 Golden Valley, MN 55416  
28 Phone: 763-745-8466  
29 Fax: 763-745-8459  
30 Email: [camurray@integratelecom.com](mailto:camurray@integratelecom.com)

For Sharenet:

Gary Joseph  
Vice President  
National Brands, Inc. d/b/a Sharenet  
Communications Company  
4633 West Polk Street  
Phoenix, AZ 85043  
Phone: 602-516-1207  
Fax: 602-272-3741  
Email: [garyj@nationalbrands.com](mailto:garyj@nationalbrands.com)

1    IV.    DESCRIPTION OF THE TRANSACTION

2           Pursuant to the Agreement entered into October 13, 2010 by Integra and Sharenet,  
3    Integra will acquire Sharenet's entire Arizona subscriber base. A copy of the Asset Purchase  
4    Agreement, marked "Confidential – Not for Public Disclosure" is Exhibit A to this Application.

5           Sharenet currently serves approximately 150 business-class customers; Sharenet does not  
6    offer residential service and has no residential customers. The Parties' intention is to seamlessly  
7    transfer all of the existing Sharenet customers to Integra.

8           The Parties hope to close the Transaction by the end of November 2010. However,  
9    customers will be migrated to Integra over the 30-60 days following receipt of any necessary  
10   regulatory approvals and the expiration of the minimum 30-day notice period described below.

11  
12   V.    REQUEST FOR WAIVER OF AAC R14-2-1904 (SLAMMING RULES)

13           Federal Communications Commission ("FCC") rules<sup>1</sup> allow a carrier to acquire the  
14   subscriber base of another carrier without obtaining each subscriber's authorization providing the  
15   acquiring carrier 1) give notice to the FCC in accordance with Section 64.1120(e)(1) and (2); and  
16   2) give notice to the affected subscribers in accordance with Section 64.1120(e)(3). Written  
17   notice of the proposed transfer of the subscriber base will be provided to Sharenet customers via  
18   U. S. Postal Service First Class mail at least 30 days prior to the transfer of the affected  
19   subscribers pursuant to and in full compliance with Section 64.1120(e) of the FCC's rules. The  
20   proposed customer notice is Exhibit B to this Application.

21           The Commission's Slamming Rules do not have a similar, stream-lined notice provision  
22   such as Section 64.1120(e) of the FCC's rules. It is imperative to the success of this Transaction,  
23   for both the Sharenet customers and the Parties, that the Parties be able to provide notice in this  
24   manner, thus, the Parties request a waiver of R14-2-1904 of the Arizona Administrative Code  
25   and related anti-slamming regulations that may otherwise conflict with Section 64.1120(e).

26           As noted, following the completion of the migration of customers from Sharenet to  
27   Integra, all affected customers will receive service from Integra under the same rates, terms and  
28   conditions as currently provided by Sharenet. Granting of the waiver will help insure a seamless  
29   and uninterrupted transition for these customers.

30  

---

1 47 C.F.R. § 64.1120(e)

1 VI. PUBLIC INTEREST CONSIDERATIONS

2 Applicants submit that the proposed Transaction will serve the public interest. The  
3 proposed transaction will ensure that Sharenet subscribers will continue to enjoy high quality  
4 telecommunications services at the same rates, terms and conditions as they currently enjoy.  
5 Following the Transaction, the former Sharenet subscribers will receive services from an  
6 experienced and qualified telecommunications company and will have access to an expanded and  
7 advanced set of service offerings going forward. The addition of Sharenet's subscriber base to  
8 Integra will enhance Integra's ability to compete in Arizona.

9 A. Customer Deposits

10 Integra currently holds approximately \$37,000 in customer deposits. Sharenet  
11 holds \$0 in customer deposits. Should either company be called upon for a refund of a customer  
12 deposit, the respective company will follow the terms and conditions for doing so described in  
13 that companies' Arizona tariffs. (Please see Section 2.5.5., Page 24 in Sharenet's Arizona Tariff  
14 No. 2 and/or Section 2.11, Sheet No. 47 of Arizona C.C. Tariff No. 4 of Eschelon Telecom of  
15 Arizona, Inc.)

16 B. Performance Bonds

17 Integra has posted and maintains a \$235,000 performance bond in accordance  
18 with the Commission's Decision No. 67674 in Docket No. T-03406A-99-0742. This is an  
19 amount that is more than sufficient to protect the customer deposits noted above (Integra does  
20 not ask for or accept prepayments).

21 Sharenet has posted a \$125,000 performance bond with the Commission in  
22 compliance with Decision 68489 in Docket No. T-02580A-05-0383.

23 C. Customer Contracts and Tariffs

24 If applicable, Integra will honor the rates, terms and conditions of the Sharenet  
25 customer contracts and its Arizona tariff. Integra does not anticipate that any of Sharenet's  
26 customers' contracts will require modifications as a result of the Transaction. However, if at  
27 some time in the future modifications are necessary, Integra will follow the applicable contract  
28 terms, tariffs, statutes and Commission Rules to implement any such modifications. Integra will  
29 not impose any new or additional termination limitations. However, if a customer has a  
30 currently effective contract that imposes termination fees, Integra may impose such charges. In  
31 that case such charges are reasonable because long-term contracts contain either explicit or

1 implicit discounts that are based on the length of the term of the contract. Integra anticipates that  
2 few customers will incur termination fees as a result of the Transaction.

3 D. Customer Notice

4 Notice of the transfer of Sharenet's customers to Integra will be provided to  
5 Sharenet's customers at least 30 days prior to the transfer of the affected customers, in full  
6 compliance with FCC rules. A copy of the proposed Customer Notification is attached at Exhibit  
7 B.

8 E. Arizona Employees

9 Integra currently employs approximately 240 FTE associates in the State of  
10 Arizona. Sharenet has 4 employees in Arizona. Integra is exploring the possibility of retaining  
11 some or all of the Sharenet personnel, making them part of its own Arizona operations.  
12 However, no decision has been made at this time.

13 F. Facilities, Plant & Arizona Assets

14 Sharenet has two physical collocations in the Phoenix area, but no outside plant.  
15 Integra has significant facilities in Arizona, including collocations in the same two central offices  
16 also occupied by Sharenet; these facilities will be used to serve the former Sharenet customers.  
17 Integra has total company assets in Arizona of over \$50 million.

18 G. Ongoing Compliance

19 Both Integra and Sharenet have submitted their Annual Reports for the year ended  
20 December 31, 2009.

21  
22 VII. EXPEDITED REVIEW

23 The Parties seek to complete the Transaction expeditiously, preferably by the end of  
24 November 2010. The Parties are confident that meeting this target date will minimize any  
25 customer confusion and maximize the benefits of the Transaction for both the customers and the  
26 Parties. The Parties respectfully request that the Commission review this Application and grant  
27 the requested waivers as expeditiously as possible.

28  
29 VIII. CONCLUSION

30 The Parties submit that the information provided in this Application demonstrates that the  
31 transfer of the Sharenet customer base to Integra is in the public interest. Therefore, the Parties

1 respectfully request that the Commission grant a waiver of the Commission's Slamming Rules,  
2 AAC R14-2-1904, so that the Parties can provide a single, informative notice to the Sharenet  
3 customer base, in full compliance with FCC rules, 47 C.F.R. § 64.1120(e).

4 The Parties respectfully request any further relief the Commission deems necessary and  
5 appropriate in order for the Transaction to move forward in compliance with all Commission  
6 Rules and Orders.

7  
8  
9  
10 Respectfully submitted this 18<sup>th</sup> day of October 2010.

11  
12 

13 Catherine A. Murray  
14 Manager, Regulatory Affairs  
15 Integra Telecom  
16 6160 Golden Hills Drive  
17 Golden Valley, MN 55416  
18

<Date>

Dear National Brands, Inc. d/b/a Sharenet Customer:

We are writing to share with you an important announcement regarding your telecommunications services. National Brands, Inc. d/b/a Sharenet ("Sharenet") and Integra Telecom Holdings, Inc., through its Arizona subsidiary, Eschelon Telecom of Arizona, Inc. (together "Integra" or "Integra Telecom") have recently signed a definitive agreement whereby Integra will become your local telecommunications service provider.

Integra is an integrated communications provider of voice, data, and Internet services serving thousands of businesses in the State of Arizona for almost 15 years. Integra is one of the fastest growing telecommunications companies in the nation and is an industry leader in customer satisfaction and retention. Integra offers a wide range of expertise and resources, and the most complete line of innovative, high-quality, cost-effective services available on the market today.

Following completion of the transaction, the service you currently receive from Sharenet will be transferred to Integra. An experienced Integra Customer Care representative will be in touch with you prior to conversion. This change in providers will not disrupt your current service. **You will continue to receive the same services at the same rates, terms and conditions as you do under your Sharenet contract** and your telephone numbers will not change as a result of the transfer. Should there be any need for a change to your current rates, terms and conditions Integra will provide a minimum 30-days advance written notice through a bill message. You will not be charged any fees in connection with this transfer.

Integra is dedicated to providing you with high quality service in order to keep your business. We anticipate the transfer of your services to Integra to be seamless to you. We believe that this transition will prove beneficial to your company and will make available to you additional support and products. You have the right to select another provider, subject to the terms and conditions of your current Sharenet contract, including any early termination charges that may apply. Assuming you do not transfer your service to another carrier prior to the transfer date, Integra will become your service provider. If you have a preferred carrier freeze ("PIC freeze") on your account, the PIC freeze will be lifted and your services transferred to Integra. At your request, Integra can reestablish a PIC freeze for you after the transfer.

**What are the next steps?**

**You don't have to do a thing to continue receiving service!** We will notify you prior to moving your service over to Integra and will inform you of any changes in billing statement design, remittance addresses and customer contact information. As stated, there will be no change to your rates, terms and conditions of service as a result of the transfer. We are confident that you will be completely satisfied with Integra and its high level of customer service and support.

Integra looks forward to meeting your communications needs. We will do everything to help ensure that this transition is a smooth one. If you have any questions or concerns regarding the information provided in this letter, please feel free to contact an Integra Care representative at <telephone number to be determined>.